

Most Important News – May 2006

1. Throughout the month of May, the SARG continued using its control of the press to laud its success in overcoming obstacles hindering the development of the economy despite the “strong international pressure” that has been placed on the country. Dailies highlighted the strengthening Syrian-Iranian economic and trade relations, cheered the first “International Investment Forum” held in late May, trumpeted the stability of the value of the Syrian Pound (SYP) in the market, and praised the SARG’s successful efforts in preventing smuggling operations. On the other hand, press articles reprimanded the SARG for its failure in stopping the erosion of the buying power of the average Syrian and the spread of rampant corruption. Topics related to Avian Influenza (AI) have practically disappeared from the local press. End summary.

2. Syria and Iran: Throughout May, government-owned press reported with enthusiasm on the excellent state of Syrian-Iranian economic and trade relations. The visit of Syria’s Minister of Communications and Technology, Amr Salem, to Iran in late April/early May dominated the local press for a week. Dailies gave front-page coverage to the signing of a \$70 million contract for the import of Iranian copper cables and to Iran’s \$50 million soft loan to develop the Syrian telecommunications sector. In addition, dailies reported on Minister Salem’s discussion with his Iranian counterpart concerning the reduction of tariffs imposed on telephone calls between the two countries. In mid-May, articles reported on an MOU signed between the Syrian Ministry of Transport and the Iranian “Amiran” company for the proposed import and operation of 1,200 Iranian-built bio-diesel busses in Damascus. In addition, dailies widely covered the 6-day visit of a delegation from the Iranian Accounting Commission to Damascus and their meetings with high Syrian officials including the Prime Minister. In end May, front-page coverage was given to the three-day visit of Syria’s Minister of Economy and Trade, Amer Lutfi, to Iran to attend the Syrian-Iranian Economic Committee follow-up meetings. Articles cited Minister Lutfi’s meeting with Iran’s First Vice President as well as several other high officials. According to press reports, Syria and Iran expressed their firm will to further bolster their investment, economic, and trade relations and to sign a preferential trade agreement. Dailies highlighted Iran’s proposal to establish railroads, and oil and gas pipeline connections between the two countries via Iraq.

3. Smuggling: The topic of thwarting smuggling attempts appeared in state-owned press throughout the month of May. The SARG used the media to show its success in stopping the trade in smuggled commodities across all of its borders. Dailies reported that customs authorities had thwarted several attempts to smuggle in cigarettes, meat unfit for human consumption, and household electrical appliances from Lebanon and frozen fish from Oman. Articles also reported on instances in which customs officials had prevented operations to smuggle out diesel and Syrian pounds to Lebanon. According to press articles, some of these incidents witnessed armed clashes between the customs authorities and the smugglers resulting in the death and injury of several people.

4. Foreign Direct Investment (FDI): State-owned media continued boasting about the SARG’s ability to attract Arab and foreign investors “despite the US-led international political and economic pressure.” Articles, throughout May, continued painting Syria as an attractive place for FDI and reported on the Saudi “al-Oula Development Company” signing an MOU with the state-owned “General Housing Establishment” for the setting up a joint venture company to invest \$440 million in real estate projects across the country. Front-page coverage was given to the 2-day “First International Syrian Forum for Investment and Trade” held in late May during which a 100 million euro “Barada Investment Fund” was established by the Saudi “B.M.G. Financial Group” to finance tourism, real estate, and telecommunications investment projects in Syria. All the dailies covered statements by high-level Syrian officials claiming that the SARG is working hard to improve the overall investment climate and to overcome all obstacles discouraging investors from coming to Syria.

5. Corruption: In early May, government media as well as regional press reported on the Syrian authorities seizing property and real estate owned by the eldest son of the former Vice President, Abdul Haleem Khaddam, which was registered in the names of some of his employees. According to local press, the Prime Ministry has given instructions to form specialized financial committees to legally seize assets and property owned by Khaddam and other members of his family after the disclosure of their corruption and embezzlement. In late May, local press reported on the seizure of two famous restaurants in Damascus by the Directorate General of Social Security because the owner evaded paying his employees’ pension fees. Editorials complained over and over again of the

rampant corruption that permeates state institutions. Government controlled Al-Thawra newspaper had a whole page article in late May describing corruption as a chronic problem that exists in all state entities.

6. Currency: The recovery in the value of the Syrian Pound (SYP), presently at 50.60 SYP/USD on the black market, continued to be a lead story in the government and private media. State-owned press expressed satisfaction over the SARG's successful efforts in bringing back the value of the national currency to a reassuring level. According to press articles, Syria's large foreign exchange reserves, expatriates' transfers from the Gulf, the increase in FDI, and the high international oil prices have helped in restoring the value of the SYP. Regional press reported on the Governor of the Central Bank's statement that the SARG is considering the introduction of a floating exchange rate. In its turn, the private media described the depreciation of the USD against the SYP as drastic and blamed those who did not have enough confidence in their national currency for last year's dramatic devaluation.

7. Prices: The topic of rising commodity prices was almost daily news throughout the month of May. Government-controlled as well as regional media reported on the statement given by the Deputy Prime Minister for Economic Affairs, Abdallah Dardari, saying that the SARG cannot continue its current subsidization policy because it is immoral and will lead to an unsustainable budget deficit. Articles reiterated Dardari's claim that subsidies represent 11% of the GDP and that the richest Syrians benefit 52 times more from the subsidies, especially diesel, than the poor. Editorials in some government-controlled press supported the idea of a gradual lifting of subsidies assuming a fairer method of income distribution and a transparent timeframe for such an action. Other editorials conveyed the dismay of the public over the high prices of some basic commodities and called for the intervention of the concerned authorities to bring the prices back to the levels they were at last year. On the other hand, private press editorials sarcastically linked the increase in commodity prices to the value of the US dollar claiming that if the value of the dollar increases the price of commodities in the local market increase but if the value of the dollar decreases the prices of commodities in the local market maintain their high levels.

8. Avian Influenza (AI): Throughout May, government dailies did not publish any AI-related articles.